

**SA422: HOUSING ECONOMICS AND FINANCE 2008/2009**  
**Seminar 9, Week 10: 19 March 2009**  
**Housing and the economy**

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1. What contribution does housing make to the economy? [Suggestion: adopt a broad approach and look at both housing production and housing consumption and how these contribute to economic output/growth and the distribution of output and growth.]
2. The Barker Review of Housing Supply contained recommendations on how to address the inelasticity of housing supply in England, also by reforming the Planning system. First describe the main economic rationale for addressing the inelastic supply of housing, and then critically discuss whether Barker's analysis and solutions remain valid during the current situation of economic downturn and declining house prices.

### **Readings**

M Oxley (2004) *Economics Planning and Housing*, chapter 11, but also 2, 3, and 4

Malpezzi and Green – A Primer on US Housing Markets, Chapter 2

HMT (2005) Housing Policy – an overview  
[www.hm-treasury.gov.uk/housing\\_policy190705.pdf](http://www.hm-treasury.gov.uk/housing_policy190705.pdf)

Robert Shiller (2008) The subprime solution, Princeton

Meen G (2003) Housing, random walk, complexity and the Macroeconomy, in O'Sullivan and Gibb *Housing Economics and Public Policy*. In particular section of chapter on "the relationship between housing and the macroeconomy" [do not worry about the technical part at end of chapter]

Meen G (1996) "Ten Propositions in UK Housing Macroeconomics: An Overview of the Eighties and Early Nineties", *Urban Studies*, 33(3): 425-444

National Statistics – the Blue Book  
<http://www.statistics.gov.uk/statbase/Product.asp?vlnk=1143>

The Blue Book provides detailed estimates of national product, income and expenditure for the UK. Some tables contain data for the last eighteen years; all tables contain data for the last nine years. It covers value added by industry, full accounts by sector - including financial and non-financial corporations, central and local government and households - and capital formation.

Bank of England Inflation Reports – in particular November 2004 but others too  
<http://www.bankofengland.co.uk/publications/inflationreport/>

Barker Review of Housing Supply – Interim Report and Final Report

[http://www.hm-treasury.gov.uk/consult\\_barker\\_index.htm](http://www.hm-treasury.gov.uk/consult_barker_index.htm)

Meen G (2005) On the Economics of the Barker Review of Housing Supply, *Housing Studies*, 20 (6)

<http://www.ingentaconnect.com/content/routledg/chos/2005/00000020/00000006/art0005;jsessionid=bkraa88o9m0m.alice?format=print>

Meen G et al (2005) *Affordability: Implications for Housing Supply*,

<http://www.communities.gov.uk/publications/housing/affordabilitytargetsimplications>